Alternative Medicine

Industry Snapshot

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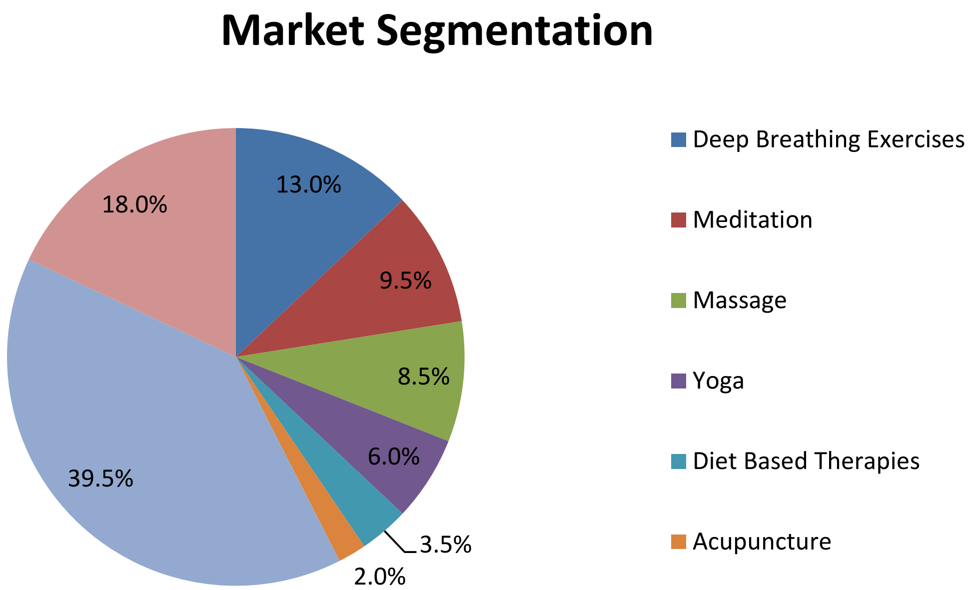
Industry Segments

The following is a breakdown of the different segments within the alternative medicine industry. Non-vitamins, non-minerals and natural products make up 18% of the industry, while deep breathing exercises make up nearly 13% of the market segmentation. The largest segment is comprised of other products & services at 39.5% of the industry[1].



Industry Data

In the last ten years, more than $10 billion has been spent on alternative medicine research. More than 3.1 billion people used acupuncture in 2007. Each year $60 billion is spent on herbal medicine throughout the world and more the 66% of adults using alternative medicine do not tell their doctors. However, in the United States, 50 U.S. hospital and medical centers have begun to integrate alternative medicine programs and centers into their facilities and many health insurance plans offer alternative medicine discounts and coverage[2].

Success Factors

Offices that are successful in the industry have some of the following characteristic in common[3]:

Cooperative Relationship with Other Healthcare Providers: Patient referrals can be obtained by networking with other physicians, medical groups, healthcare providers, and sports clinics.

[1] IBISWorld Pty Ltd., "*Alternative Healthcare Providers in the US*." New York: IBISWorld. June 2011. http://www.ibisworld.com.
[2] "Fast Facts," *American Holistic Medical Association, http://www.holisticmedicine.org/content.asp?pl=2&sl=87&contentid=87* (July 14, 2011).
[3] IBID

Devoted Client Base: A practice is more likely to see satisfied customers, better outcomes, and quality results if customers are loyal and return frequently for visits.

Positive Reputation: More so than other healthcare providers, it is particularly important that alternative healthcare providers maintain a good reputation within the community and with their core clientele, as the services they provide are elective and not always medically necessary.

Location to Key Markets: The popularity of an office is likely to increase if it is located closer to the homes of clients, places of work, are areas of dense population.

Risks and Challenges

There are several challenges that face the alternative medicine industry. As this industry strives to gain the respect of traditional medical practitioners, it looks to substantiate medical benefits with scientific evidence. Some challenges the industry faces include[4]:

- Limitations due to lack of significant medical and scientific evidence from clinical trials and studies
- Credible evidence is limited due to the fact that there is a lack in uniformity in medical procedures among practitioners
- Evidence to the medical benefits is unpredictable due to varied response from patients

Trends

In 2007, The National Center for Complementary and Alternative Medicine published a report outlining the trends and usage of alternative medicine usage among children and adults in the United States. The following are some conclusions resulting from this study[5]:

- In 2007, the most popular alternative medical treatments by children and adults were: non-vitamin, non-mineral, natural products (17.7%), deep breathing exercises (12.7%), meditation (9.4%), chiropractic or osteopathic manipulation (8.6%), massage (8.3%), and yoga (6.1%).
- The study reported the mostly commonly used non-mineral, non-vitamin and natural products used by adults in the US are: fish oils, glucosamine, Echinacea, flaxseed oil, and ginseng.

Exports

For service providers in Washington looking to appeal to the Canadian market, there are some notable trends with the Canadian demographics to be aware of. A 2007 study produced by the Fraser Institute indicated some of the following trends among Canadian consumers of alternative medicine[6]:

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[4] Zollman, Catherine "Challenges in interpreting and applying the evidence for CAM and IM," *Beyond the RCT*, #12 (December 10, 2008).

[5] "Complementary and Alternative Medicine Use Among Adults and Children: United States, 2007," *National Health Statistics Reports*, #6 (May 2009).

[6] Esmail, Nadeem, "Complementary and Alternative Medicine in Canada: Trends in Use and Public Attitudes 1997-2006." *Fraser Forum*, (2007).

- Approximately 74% of Canadians used at least one form of alternative health care service in their lifetime, with 83% of British Columbians reportedly using alternative health care services at some time in their life; a much higher number than the national average.
- The study, conducted in 2006 reported that 64% of British Columbian residents obtained alternative medical treatment in the last 12 months.

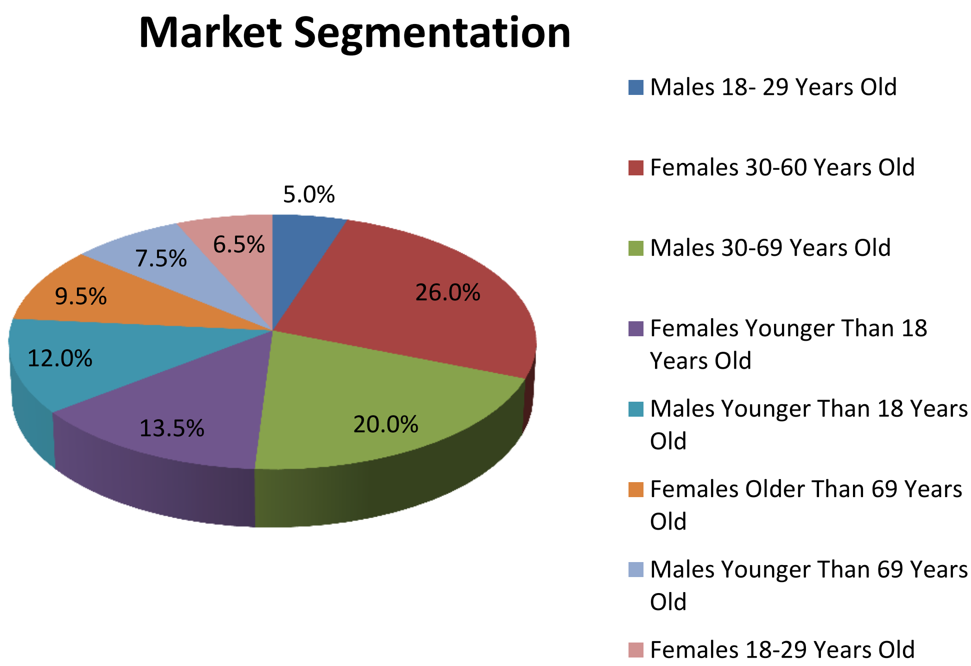
Use of Complementary & Alternative Therapies in Canada, By Therapy & Treatment (2006)

Therapy & Treatment	Percent of Population	Therapy & Treatment	Percent of Population
Chiropractic Care	40%	Folk Remedies	9%
Massage	35%	Self-Help Group	9%
Relaxation Techniques	20%	Aromatherapy	8%
Prayer/Spiritual Practice	18%	Imagery Techniques	7%
Acupuncture	17%	Lifestyle Diet	7%
Yoga	16%	Spiritual or Religious Healing by Others	5%
Herbal Therapies	15%	Hypnosis	4%
Special Diet Programs	10%	Osteopathy	4%
Energy Healing	9%	High Dose/Mega Vitamins	4%
Naturopathy	9%	Biofeedback	2%
Homeopathy	9%	Chelation	1%

Consumer Demographics

Females age 30-69 years of age make up 26% of the market segmentation, also the largest segment of the market. The second largest segment is comprised of males age 30-69 years of age, making up 20% of the alternative medicine industry. The following is a graph illustrating the market segmentation for alternative medicine consumers by age and sex[7].

[7] IBISWorld Pty Ltd., "*Alternative Healthcare Providers in the US*." New York: IBISWorld. June 2011. http://www.ibisworld.com.



A 2007 Health Interview Survey concluded the following results for children who use alternative medicine[8]:

- Approximately 12% of children use alternative medicine; however, use is much higher among children:
  - That have parents who use alternative medicine treatment
  - Who are age 12-17
  - That have parents with a higher education level (greater than a high school diploma)
  - That have more than six health conditions
  - That have delayed traditional medical care due to cost

Consumer Expenditures

The US Department of Health and Human Services produced a report detailing the expense and frequency of visits for alternative medical treatment for adults in the United States. In 2007, US consumers spent a total of $11,938,611 out-of-pocket on alternative medicine. The following is a summary of those findings[9].

[8] "The Use of Complimentary Alternative Medicine in the United States," *National Center for Complimentary & Alternative Medicine*, http://nccam.nih.gov/news/camstats/2007/camsurvey_fs1.htm#most (July 14, 2011).

[9] "Costs of Complementary and Alternative Medicine (CAM) and Frequency of Visits to CAM Practitioners: United States, 2007," *National Health Statistics Report*, http://www.cdc.gov/NCHS/data/nhsr/nhsr018.pdf (July 30, 2009).

Frequency & Percentages of Persons Aged 18 and Over Who Received Alternative Medical Treatment in 2007			
	Total Persons	Total Visits Per Year	Total Out-of-Pocket Costs Per Year
	Number (thousands)	Number (thousands)	Number (thousands)
Total	**38,146**	**354,203**	**11,938,611**
Alternative medical systems	4,965	27,734	1,392,508
Acupuncture	3,141	17,629	827,336
Ayurveda	214	1,068	18,793
Homeopathic treatment	862 2.3	3,411	167,416
Naturopathy	729	3,180	275,863
Traditional Healers	812	2,446	103,100
Biologically based therapies	1,828	9,600	630,479
Chelation Therapy	111	426	31,913
Non-vitamin, non-mineral, and natural products	1,488	8,273	566,650
Diet-based therapies	270	902	31,916
Manipulative and body-based therapies	33,044	276,861	8,629,455
Chiropractic or Osteopathic Manipulation	18,740	151,220	3,901,894
Massage	18,068	95,296	4,175,124
Movement therapies	3,146	30,345)	552,438
Mind-body therapies	3,821	32,806	864,567
Biofeedback	362	1,991	83,542
Relaxation Techniques	3,131	28,882	707,175
Hypnosis	561	1,933	73,850
Energy-healing therapy	1,216	7,203	421,602

Financial Information

In 2011, industry revenue is expected to be $11,954.80 million for a projected 182,101 establishments throughout the United States. The following are industry revenue and growth projections for the next six years[10].

[10] IBISWorld Pty Ltd., "*Alternative Healthcare Providers in the US*." New York: IBISWorld. June 2011. http://www.ibisworld.com.

Projected Industry Revenue & Growth			
Year	Industry Revenue (millions)		Establishments
2011	$	11,954.80	182,101
2012	$	12,299.60	193,411
2013	$	12,800.60	193,542
2014	$	13,245.20	191,354
2015	$	13,731.60	190,767
2016	$	14,344.90	186,584